

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010

(In millions of won)

	2011	2010 (Unaudited)
Cash flows from operation activities		
Cash generated from operation activities	₩ 861,329	588,048
Interest received	8,638	5,319
Interest paid	(124,533)	(132,352)
Dividends received	19,154	9,847
Income tax paid	(95,075)	(25,826)
Net cash provided by operating activities	669,513	445,036
Cash flows from investing activities		
Proceeds from sales of long-term financial instruments	-	2
Cash from sales of short-term loans	10,114	405
Cash from sales of long-term loans	551	837
Proceeds from sales of long-term deposits	1,129	220
Proceeds from sales of available-for-sale financial assets	51,928	2,633
Proceeds from sales of investments in associates	-	183,595
Proceeds from sales of property, plant and equipment	275	29
Proceeds from sales of intangible assets	368	5,718
Increase in sales of short-term financial instruments	(5,000)	-
Increase in sales of long-term financial instruments	-	(1,142)
Increase in short-term loans	(9)	(3,488)
Increase in long-term loans	(666)	(1,240)
Increase in long-term deposits	(2,231)	(1,438)
Acquisition of available-for-sale financial assets	(61)	(62,609)
Acquisition of investments in associates	(6,963)	(1,444)
Acquisition of property, plant and equipment	(291,083)	(230,306)
Acquisition of intangible assets	(4,368)	(7,178)
Net cash used in investing activities	(246,016)	(115,406)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,833,786	1,891,387
Proceeds from long-term borrowings	255	211,131
Proceeds from issuance of bonds	99,568	532,947
Repayments of short-term borrowings	(1,731,712)	(2,033,230)
Repayments of long-term borrowings	(5,850)	(8,589)
Repayments of bonds	(36,129)	(174,820)
Repayments of current portion of long-term borrowings	(211,249)	(704,591)
Dividends paid	(23,006)	-
Capital increase of non-controlling interests involved	5,196	525
Payment of transaction costs related to issuance of shares	178	19
Net cash from used in financing activities	(68,963)	(285,221)
Effect of exchange rate fluctuations on cash held	(205)	261
Net increase in cash and cash equivalents	354,329	44,670
Cash and cash equivalents at 1 January	150,761	106,091
Cash and cash equivalents at 31 December	₩ 505,090	150,761